

Unified School District No. 107

Mankato, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

June 30, 2011

**MAPES & MILLER
Certified Public Accountants
Phillipsburg, Kansas**

**Unified School District No. 107
Mankato, Kansas
June 30, 2011**

Nadine Smith - Superintendent
Lynette Bartley - Clerk
Debra Boyles - Treasurer

BOARD MEMBERS

Mark Fleming - President
Ervin Underwood - Vice President

Steve Spiegel

Keith Roe

Lori Yelken

Tracy Walker

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**UNIFIED SCHOOL DISTRICT NO. 107
MANKATO, KANSAS**

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INDEPENDENT AUDITOR'S REPORT

**Board of Education
Unified School District No. 107
Mankato, Kansas 66956**

We have audited the accompanying financial statements of Unified School District No. 107, Mankato, Kansas as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Unified School District No. 107, Mankato Kansas, has prepared these financial statements in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practice differs from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 107, Mankato, Kansas, as of June 30, 2011, or the changes in its financial position, for the year then ended.

Board of Education
Unified School District No. 107
December 12, 2011
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Unified School District No. 107, Mankato, Kansas, as of June 30, 2011, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Unified School District No. 107, Mankato, Kansas, taken as a whole. The information identified in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note 1.

Respectfully submitted,

Mapes & Miller CPAs

Certified Public Accountants

December 12, 2011
Phillipsburg, Kansas

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 1

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
For The Year Ended June 30, 2011

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds							
General Fund	\$ (294,401)	\$ -	\$ 3,797,689	\$ 3,702,209	\$ (198,921) *	\$ 138,311	\$ (60,610)
Supplemental General Fund	75,527	-	917,658	803,939	189,246	1,577	190,823
Special Revenue Funds							
At Risk Fund (4 Yr. Old)	-	-	189,732	44,996	144,736	-	144,736
At Risk Fund (K-12)	73,491	-	297,270	156,579	214,182	-	214,182
Capital Outlay Fund	1,473,748	-	366,061	252,587	1,587,222	90,768	1,677,990
Driver Training Fund	14,601	-	26,439	21,481	19,559	-	19,559
Food Service Fund	35,617	-	196,388	188,757	43,248	-	43,248
Professional Development Fund	6,660	-	10,000	2,398	14,262	-	14,262
Special Education Fund	470,003	-	845,307	570,565	744,745	-	744,745
Vocational Education Fund	18,200	-	241,965	127,429	132,736	6,783	139,519
KPERs Special Retirement							
Contribution Fund	(71,423)	-	212,669	141,246	-	-	-
Contingency Reserve Fund	355,080	-	7,339	-	362,419	-	362,419
Coordinated School Health Fund	-	-	750	750	-	-	-
Textbook & Student Material							
Revolving Fund	7,635	-	42,698	16,897	33,436	940	34,376
District Activity Funds	14,914	-	56,107	54,064	16,957	-	16,957
Federal Funds	482	-	131,250	131,485	247	8,316	8,563
Debt Service Fund							
Bond & Interest Fund	75,913	-	44,238	52,908	67,243	-	67,243
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,256,047</u>	<u>\$ -</u>	<u>\$ 7,383,560</u>	<u>\$ 6,268,290</u>	<u>\$ 3,371,317</u>	<u>\$ 246,695</u>	<u>\$ 3,618,012</u>

*See Note 4b (Cash Basis Law)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 1
(Cont.)

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For The Year Ended June 30, 2011

COMPOSITION OF CASH

Cash on Hand	\$ 30
Central National Bank	
Checking	250
State Exchange Bank	
NOW Account	3,648,156
Guaranty State Bank & Trust Company	
Checking Account	500
NOW Account	<u>6,741</u>
 Total Cash	 3,655,677
 Agency Funds per Statement 4	 <u>(37,665)</u>
 Total Reporting Entity (Excluding Agency Funds)	 <u><u>\$ 3,618,012</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 2

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(Budgeted Funds Only)
For the Year Ended June 30, 2011

FUNDS	Certified Budget	Adjustment to Comply with Legal Max Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds						
General Fund	\$ 3,649,381	\$ -	\$ 52,828	\$ 3,702,209	\$ 3,702,209	\$ -
Supplemental General Fund	832,500	(28,561)	-	803,939	803,939	-
Special Revenue Funds						
At Risk Fund (4 Yr. Old)	45,000	-	-	45,000	44,996	(4)
At Risk Fund (K-12)	190,000	-	-	190,000	156,579	(33,421)
Capital Outlay Fund	1,790,004	-	-	1,790,004	252,587	(1,537,417)
Driver Training Fund	21,816	-	-	21,816	21,481	(335)
Food Service Fund	232,459	-	-	232,459	188,757	(43,702)
Professional Development Fund	9,902	-	-	9,902	2,398	(7,504)
Special Education Fund	1,152,404	-	-	1,152,404	570,565	(581,839)
Vocational Education Fund	128,330	-	-	128,330	127,429	(901)
KPERs Special Retirement Contribution Fund	188,945	-	-	188,945	141,246	(47,699)
Debt Service Fund						
Bond & Interest Fund	52,908	-	-	52,908	52,908	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

GENERAL FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	\$ 15,933	\$ 5,761	\$ 10,172
Current Tax	465,026	316,057	148,969
Delinquent Tax	-	7,299	(7,299)
Reimbursements	51,118	-	51,118
State Aid Reimbursements	1,710	-	1,710
State Aid	2,801,889	2,936,926	(135,037)
Special Education Aid	338,406	338,406	-
ARRA Stabilization Funds	44,932	44,932	-
Education Jobs Funds	78,675	-	78,675
	<u>3,797,689</u>	<u>\$ 3,649,381</u>	<u>\$ 148,308</u>
EXPENDITURES			
Instruction	1,238,867	\$ 866,988	\$ 371,879
Student Support Services	134,724	164,700	(29,976)
Instructional Support Staff	7,290	62,900	(55,610)
General Administration	226,632	213,300	13,332
School Administration	260,893	325,100	(64,207)
Operations & Maintenance	350,323	479,100	(128,777)
Operations & Maintenance (Transportation)	108,982	128,500	(19,518)
Supervision	13,962	27,000	(13,038)
Vehicle Operating Services	34,601	81,000	(46,399)
Vehicle & Maintenance Services	23,309	39,000	(15,691)
Outgoing Transfers	1,302,626	1,261,793	40,833
	<u>3,702,209</u>	<u>3,649,381</u>	<u>52,828</u>
Legal General Fund Budget	3,702,209	3,649,381	52,828
Adjustment for Qualifying Budget Credits			
Reimbursements	-	51,118	(51,118)
State Aid Reimbursements	-	1,710	(1,710)
	<u>3,702,209</u>	<u>\$ 3,702,209</u>	<u>\$ -</u>
Cash Receipts Over (Under) Expenditures	95,480		
UNENCUMBERED CASH, July 1, 2010	<u>(294,401)</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ (198,921) *</u>		

* See Note 4b (Cash Basis Law)
See Note 13 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax In Process	\$ 17,147	\$ 13,378	\$ 3,769
Current Tax	465,832	309,225	156,607
Delinquent Tax	-	7,497	(7,497)
Motor Vehicle Tax	73,530	65,310	8,220
Recreational Vehicle Tax	1,420	1,348	72
Miscellaneous	3,911	-	3,911
State Aid	355,818	325,584	30,234
	<u>917,658</u>	<u>\$ 722,342</u>	<u>\$ 195,316</u>
Total Cash Receipts			
	<u>917,658</u>	<u>\$ 722,342</u>	<u>\$ 195,316</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	64,750	\$ 627,400	\$ (562,650)
Noncertified	20,250	-	20,250
Employee Benefits			
Social Security & Medicare	6,481	40,000	(33,519)
Other	801	600	201
Supplies			
General	23	5,000	(4,977)
Other	3,077	5,000	(1,923)
Student Support Services			
Purchased Professional & Technical Services	-	40,000	(40,000)
Purchased Property Services	-	1,500	(1,500)
Other Purchased Services	-	10,000	(10,000)
Other	-	3,000	(3,000)
Instructional Support Staff			
Purchased Professional & Technical Services	66,575	-	66,575
General Administration			
Supplies	1,250	-	1,250
Vehicle Operating Services			
Motor Fuel	22,996	-	22,996

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

SUPPLEMENTAL GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Outgoing Transfers			
At Risk Fund (4 Yr. Old)	\$ 28,186	\$ -	\$ 28,186
At Risk Fund (K-12)	62,936	-	62,936
Food Service Fund	33,450	-	33,450
Professional Development Fund	10,000	-	10,000
Special Education Fund	324,632	100,000	224,632
Vocational Education Fund	125,000	-	125,000
Textbook & Student Material Revolving Fund	33,532	-	33,532
Adjustment to Comply with Legal Max	-	(28,561)	28,561
Total Expenditures	<u>803,939</u>	<u>\$ 803,939</u>	<u>\$ -</u>
Cash Receipts Over (Under) Expenditures	113,719		
UNENCUMBERED CASH, July 1, 2010	<u>75,527</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 189,246</u>		

See Note 13 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

AT RISK FUND (4 YR. OLD)

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Incoming Transfers			
General Fund	\$ 161,546	\$ 45,000	\$ 116,546
Supplemental General Fund	28,186	-	28,186
Total Cash Receipts	<u>189,732</u>	<u>\$ 45,000</u>	<u>\$ 144,732</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	27,341	\$ 33,500	\$ (6,159)
Noncertified	5,833	8,000	(2,167)
Employee Benefits			
Insurance	1,901	-	1,901
Social Security & Medicare	2,269	3,000	(731)
Other	83	-	83
Supplies			
General	354	500	(146)
Student Support Services			
Salaries			
Certified	75	-	75
Student Transportation Services			
Salaries			
Noncertified	6,714	-	6,714
Employee Benefits			
Social Security & Medicare	412	-	412
Other	14	-	14
Total Expenditures	<u>44,996</u>	<u>\$ 45,000</u>	<u>\$ (4)</u>
Cash Receipts Over (Under) Expenditures	144,736		
UNENCUMBERED CASH, July 1, 2010	<u>-</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 144,736</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

AT RISK FUND (K-12)

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Miscellaneous	\$ -	\$ 10,000	\$ (10,000)
Incoming Transfers			
General Fund	234,334	180,000	54,334
Supplemental General Fund	62,936	-	62,936
	<u>297,270</u>	<u>190,000</u>	<u>107,270</u>
Total Cash Receipts	\$ 297,270	\$ 190,000	\$ 107,270
EXPENDITURES			
Instruction			
Salaries			
Certified	35,219	\$ 115,000	\$ (79,781)
Noncertified	49,888	70,000	(20,112)
Employee Benefits			
Insurance	23,502	-	23,502
Social Security & Medicare	6,718	5,000	1,718
Other	249	-	249
Supplies			
General	41,003	-	41,003
	<u>156,579</u>	<u>\$ 190,000</u>	<u>\$ (33,421)</u>
Total Expenditures	156,579	\$ 190,000	\$ (33,421)
Cash Receipts Over (Under) Expenditures	140,691		
UNENCUMBERED CASH, July 1, 2010	73,491		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 214,182</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

CAPITAL OUTLAY FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	\$ 405	\$ -	\$ 405
Motor Vehicle Tax	982	-	982
Recreational Vehicle Tax	26	-	26
Interest on Idle Funds	23,378	-	23,378
Rent	1,225	-	1,225
Miscellaneous	101,820	-	101,820
Incoming Transfer			
General Fund	238,225	350,000	(111,775)
Total Cash Receipts	<u>366,061</u>	<u>\$ 350,000</u>	<u>\$ 16,061</u>
EXPENDITURES			
Student Support Services			
Property	-	\$ 155,000	\$ (155,000)
Instructional Support Staff			
Property	917	100,000	(99,083)
Operations & Maintenance			
Property	5,660	161,911	(156,251)
Transportation			
Property	50,669	225,000	(174,331)
Other Support Services			
Property	7,042	338,159	(331,117)
New Building Acquisition & Construction	-	465,000	(465,000)
Site Improvement	-	300,000	(300,000)
Building Improvements			
Outside Contractors	188,299	40,000	148,299
Other	-	4,934	(4,934)
Total Expenditures	<u>252,587</u>	<u>\$ 1,790,004</u>	<u>\$ (1,537,417)</u>
Cash Receipts Over (Under) Expenditures	113,474		
UNENCUMBERED CASH, July 1, 2010	<u>1,473,748</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 1,587,222</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

DRIVER TRAINING FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Other Revenue from Local Sources	\$ 2,210	\$ 4,625	\$ (2,415)
State Safety Aid	1,332	2,590	(1,258)
Incoming Transfer			
General Fund	<u>22,897</u>	<u>-</u>	<u>22,897</u>
 Total Cash Receipts	 <u>\$ 26,439</u>	 <u>\$ 7,215</u>	 <u>\$ 19,224</u>
 EXPENDITURES			
Instruction			
Salaries			
Certified	2,210	\$ 2,300	\$ (90)
Employee Benefits			
Social Security & Medicare	169	200	(31)
Other	9	5	4
Purchased Property Services	18,311	18,311	-
Vehicle Operations & Maintenance Services			
Motor Fuel - Not School Bus	-	1,000	(1,000)
Property	450	-	450
Other	<u>332</u>	<u>-</u>	<u>332</u>
 Total Expenditures	 <u>21,481</u>	 <u>\$ 21,816</u>	 <u>\$ (335)</u>
 Cash Receipts Over (Under) Expenditures	 4,958		
 UNENCUMBERED CASH, July 1, 2010	 <u>14,601</u>		
 UNENCUMBERED CASH, June 30, 2011	 <u>\$ 19,559</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

FOOD SERVICE FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Student Lunch	\$ 42,921	\$ 47,337	\$ (4,416)
Student Breakfast	9,328	7,174	2,154
Student Special Milk	7,348	-	7,348
Nonreimbursable Meals	1,178	15,587	(14,409)
Miscellaneous	172	-	172
Reimbursements	1,441	-	1,441
State Aid	1,817	1,562	255
Federal Aid	86,989	83,287	3,702
Incoming Transfers			
General Fund	11,744	60,000	(48,256)
Supplemental General Fund	33,450	-	33,450
	<u>196,388</u>	<u>\$ 214,947</u>	<u>\$ (18,559)</u>
EXPENDITURES			
Food Service Operation			
Salaries			
Noncertified	69,240	\$ 97,500	\$ (28,260)
Employee Benefits			
Insurance	12,222	-	12,222
Social Security & Medicare	4,246	5,534	(1,288)
Other	288	100	188
Other Purchased Services	1,642	-	1,642
Supplies			
Food & Milk	100,319	100,000	319
Miscellaneous	32	700	(668)
Property	-	27,825	(27,825)
Other	768	800	(32)
	<u>188,757</u>	<u>\$ 232,459</u>	<u>\$ (43,702)</u>
Cash Receipts Over (Under) Expenditures	7,631		
UNENCUMBERED CASH, July 1, 2010	<u>35,617</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 43,248</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

PROFESSIONAL DEVELOPMENT FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Incoming Transfers			
General Fund	\$ -	\$ 5,000	\$ (5,000)
Supplemental General Fund	10,000	-	10,000
Total Cash Receipts	10,000	\$ 5,000	\$ 5,000
EXPENDITURES			
Instructional Support Staff			
Purchased Professional & Technical Services	560	\$ 8,902	\$ (8,342)
Other Purchased Services	1,838	500	1,338
Property	-	500	(500)
Total Expenditures	2,398	\$ 9,902	\$ (7,504)
Cash Receipts Over (Under) Expenditures	7,602		
UNENCUMBERED CASH, July 1, 2010	6,660		
UNENCUMBERED CASH, June 30, 2011	\$ 14,262		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

SPECIAL EDUCATION FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Miscellaneous	\$ 3,009	\$ -	\$ 3,009
Medicaid	9,079	-	9,079
Incoming Transfers			
General Fund	508,587	510,793	(2,206)
Supplemental General Fund	324,632	100,000	224,632
Total Cash Receipts	<u>845,307</u>	<u>\$ 610,793</u>	<u>\$ 234,514</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	2,245	\$ -	\$ 2,245
Noncertified	54	-	54
Employee Benefits			
Insurance	905	-	905
Social Security & Medicare	189	-	189
Other	8	-	8
Payment to Special Education Coop	550,063	1,059,520	(509,457)
Supplies			
General	-	2,000	(2,000)
Technology Related	329	1,000	(671)
Other	15	-	15
Operations & Maintenance			
Purchased Property Services			
Water/Sewer	-	198	(198)
Heating	961	1,000	(39)
Electricity	-	500	(500)
Supervision			
Salaries			
Noncertified	9,553	20,500	(10,947)
Employee Benefits			
Social Security & Medicare	571	900	(329)
Other	21	20	1
Other	-	250	(250)
Vehicle Operating Services			
Supplies			
Motor Fuel	4,500	7,250	(2,750)
Miscellaneous	251	500	(249)
Equipment	-	58,766	(58,766)
Other Supplemental Services			
Other	900	-	900
Total Expenditures	<u>570,565</u>	<u>\$ 1,152,404</u>	<u>\$ (581,839)</u>
Cash Receipts Over (Under) Expenditures	274,742		
UNENCUMBERED CASH, July 1, 2010	<u>470,003</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 744,745</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

VOCATIONAL EDUCATION FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Miscellaneous	\$ 1,965	\$ -	\$ 1,965
Incoming Transfers			
General Fund	115,000	111,000	4,000
Supplemental General Fund	125,000	-	125,000
Total Cash Receipts	<u>241,965</u>	<u>\$ 111,000</u>	<u>\$ 130,965</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	99,202	\$ 103,330	\$ (4,128)
Employee Benefits			
Insurance	7,741	-	7,741
Social Security & Medicare	7,099	7,400	(301)
Other	276	100	176
Supplies			
General	12,462	13,500	(1,038)
Miscellaneous	-	1,000	(1,000)
Property	643	2,500	(1,857)
Other	6	500	(494)
Total Expenditures	<u>127,429</u>	<u>\$ 128,330</u>	<u>\$ (901)</u>
Cash Receipts Over (Under) Expenditures	114,536		
UNENCUMBERED CASH, July 1, 2010	<u>18,200</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 132,736</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
KPERS	<u>\$ 212,669</u>	<u>\$ 188,945</u>	<u>\$ 23,724</u>
EXPENDITURES			
Instruction			
Employee Benefits	86,160	\$ 115,256	\$ (29,096)
Student Support Services			
Employee Benefits	2,825	3,779	(954)
Instructional Support Staff			
Employee Benefits	4,237	5,668	(1,431)
General Administration			
Employee Benefits	9,887	13,226	(3,339)
School Administration			
Employee Benefits	15,537	20,784	(5,247)
Operations & Maintenance			
Employee Benefits	11,300	15,116	(3,816)
Student Transportation Services			
Employee Benefits	5,650	7,558	(1,908)
Food Service			
Employee Benefits	<u>5,650</u>	<u>7,558</u>	<u>(1,908)</u>
Total Expenditures	<u>141,246</u>	<u>\$ 188,945</u>	<u>\$ (47,699)</u>
Cash Receipts Over (Under) Expenditures	71,423		
UNENCUMBERED CASH, July 1, 2010	<u>(71,423)</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ -</u>		

See Note 12 (KPERS Special Retirement Contribution)

The notes to the financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas**

**Statement 3
(Cont.)**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For The Year Ended June 30, 2011**

CONTINGENCY RESERVE FUND

	<u>Actual</u>
CASH RECEIPTS	
Incoming Transfer	
General Fund	<u>\$ 7,339</u>
EXPENDITURES	
	<u>-</u>
Cash Receipts Over (Under) Expenditures	7,339
UNENCUMBERED CASH, July 1, 2010	<u>355,080</u>
UNENCUMBERED CASH, June 30, 2011	<u><u>\$ 362,419</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For The Year Ended June 30, 2011

COORDINATED SCHOOL HEALTH FUND

	<u>Actual</u>
CASH RECEIPTS	
State Aid Reimbursement	<u>\$ 750</u>
EXPENDITURES	
Instruction	
Supplies	500
Instructional Support Staff	
Other Purchased Services	<u>250</u>
Total Expenditures	<u>750</u>
Cash Receipts Over (Under) Expenditures	-
UNENCUMBERED CASH, July 1, 2010	<u>-</u>
UNENCUMBERED CASH, June 30, 2011	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For The Year Ended June 30, 2011

TEXTBOOK & STUDENT MATERIAL REVOLVING FUND

	<u>Actual</u>
CASH RECEIPTS	
Rental Fees	\$ 6,179
Miscellaneous	33
Incoming Transfers	
General Fund	2,954
Supplemental General Fund	<u>33,532</u>
Total Cash Receipts	<u>42,698</u>
EXPENDITURES	
Instruction	
Textbooks	14,454
Workbooks	721
Other Materials & Supplies	<u>1,722</u>
Total Expenditures	<u>16,897</u>
Cash Receipts Over (Under) Expenditures	25,801
UNENCUMBERED CASH, July 1, 2010	<u>7,635</u>
UNENCUMBERED CASH, June 30, 2011	<u><u>\$ 33,436</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For The Year Ended June 30, 2011

DISTRICT ACTIVITY FUNDS

	<u>Actual</u>
CASH RECEIPTS	<u>\$ 56,107</u>
EXPENDITURES	<u>54,064</u>
Cash Receipts Over (Under) Expenditures	2,043
UNENCUMBERED CASH, July 1, 2010	<u>14,914</u>
UNENCUMBERED CASH, June 30, 2011	<u><u>\$ 16,957</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

	FEDERAL FUNDS					
	Title I Fund	Title II A Fund	Small Rural Schools Achievement Grant Fund	Total Federal Funds	Budget**	Variance Over (Under)
CASH RECEIPTS						
Federal Aid	<u>\$ 102,952</u>	<u>\$ 13,680</u>	<u>\$ 14,618</u>	<u>\$ 131,250</u>	<u>\$ 116,648</u>	<u>\$ 14,602</u>
EXPENDITURES						
Instruction						
Salaries						
Certified	36,078	2,500	-	38,578	\$ 85,000	\$ (46,422)
Noncertified	16,837	-	-	16,837	25,000	(8,163)
Employee Benefits						
Insurance	10,149	-	-	10,149	-	10,149
Social Security & Medicare	3,124	-	-	3,124	5,000	(1,876)
Other	114	-	-	114	100	14
Purchased Professional & Technical Services	-	3,032	-	3,032	548	2,484
Other Purchased Services	1,611	6,726	-	8,337	-	8,337
Supplies						
General	72	-	1,070	1,142	1,000	142
Property	-	-	12,048	12,048	-	12,048
Other	34,916	-	1,304	36,220	-	36,220
Instructional Support Staff						
Purchased Professional & Technical Services	-	1,904	-	1,904	-	1,904
Total Expenditures	<u>102,901</u>	<u>14,162</u>	<u>14,422</u>	<u>131,485</u>	<u>\$ 116,648</u>	<u>\$ 14,837</u>
Cash Receipts Over (Under) Expenditures	51	(482)	196	(235)		
UNENCUMBERED CASH, July 1, 2010	<u>-</u>	<u>482</u>	<u>-</u>	<u>482</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 247</u>		

**Federal funds are not required by statute to be budgeted, this budget is for informational purposes only.

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 3
(Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

BOND & INTEREST FUND

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	\$ 916	\$ 1,070	\$ (154)
Current Tax	24,668	16,857	7,811
Delinquent Tax	-	408	(408)
Motor Vehicle Tax	4,334	3,859	475
Recreational Vehicle Tax	69	79	(10)
State Aid	14,251	15,343	(1,092)
	<u>44,238</u>	<u>\$ 37,616</u>	<u>\$ 6,622</u>
EXPENDITURES			
Debt Service			
Principal	45,000	\$ 45,000	\$ -
Interest	7,908	7,908	-
	<u>52,908</u>	<u>\$ 52,908</u>	<u>\$ -</u>
Cash Receipts Over (Under) Expenditures	(8,670)		
UNENCUMBERED CASH, July 1, 2010	<u>75,913</u>		
UNENCUMBERED CASH, June 30, 2011	<u>\$ 67,243</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 4

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS
For The Year Ended June 30, 2011

AGENCY FUNDS

<u>Fund</u>	<u>Beginning Cash Balance 7/1/2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance 6/30/2011</u>
Student Activity Funds	\$ 42,671	\$ 114,768	\$ 119,774	\$ 37,665
Activity Fund Sales Tax High School	-	4,301	4,301	-
Total	<u>\$ 42,671</u>	<u>\$ 119,069</u>	<u>\$ 124,075</u>	<u>\$ 37,665</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 5

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For The Year Ended June 30, 2011

DISTRICT ACTIVITY FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Senior High School							
Athletics	\$ 5,979	\$ -	\$ 35,828	\$ 34,410	\$ 7,397	\$ -	\$ 7,397
Drama	817	-	1,693	1,723	787	-	787
Library	-	-	223	223	-	-	-
Contingency/Miscellaneous	5,634	-	10,772	10,115	6,291	-	6,291
Total Senior High School	12,430	-	48,516	46,471	14,475	-	14,475
Middle School							
Athletics	-	-	6,758	6,758	-	-	-
Grade School							
OWLS	67	-	-	-	67	-	67
General Activities	2,417	-	833	835	2,415	-	2,415
Total Grade School	2,484	-	833	835	2,482	-	2,482
Total District Activity Funds	\$ 14,914	\$ -	\$ 56,107	\$ 54,064	\$ 16,957	\$ -	\$ 16,957

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 6

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For The Year Ended June 30, 2011

STUDENT ACTIVITY FUNDS

Fund	Beginning Cash Balance 7/1/2010	Cash Receipts	Cash Disbursements	Ending Cash Balance 6/30/2011
SENIOR HIGH SCHOOL				
Class of 2011	\$ 1,682	\$ 175	\$ 1,857	\$ -
Class of 2012	2,253	7,783	7,917	2,119
Class of 2013	1,356	1,637	1,058	1,935
Class of 2014	-	697	6	691
Class of 2015	-	760	-	760
Landscape Design	124	36	160	-
FFA	5,189	41,378	41,844	4,723
Student Council	3,060	414	1,327	2,147
National Honor Society	748	1,909	1,911	746
Family Career Community Leaders	3,272	7,820	8,222	2,870
Annual	5,304	12,735	14,457	3,582
Cheerleaders	2,163	6,574	7,660	1,077
Horticulture	1,017	235	293	959
Scholar's Bowl	1,065	720	673	1,112
Flag Corp	875	-	-	875
Future Business Leaders of America	1,652	14,208	14,109	1,751
Broadcasting	2,865	1,080	45	3,900
Nature Trail	78	-	-	78
Instrumental Music	1,797	5,554	6,053	1,298
Vocal Music	644	92	435	301
Total Senior High School	35,144	103,807	108,027	30,924
JUNIOR HIGH SCHOOL				
Student Council	2,732	2,189	2,002	2,919
Spirit Club	670	738	1,165	243
5 th Grade Class	1,013	1,815	2,007	821
6 th Grade Class	1,096	881	647	1,330
7 th Grade Class	2,016	2,611	3,199	1,428
8 th Grade Class	-	2,727	2,727	-
Total Junior High School	7,527	10,961	11,747	6,741
Total Student Activity Funds	\$ 42,671	\$ 114,768	\$ 119,774	\$ 37,665

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Unified School District No. 107, Mankato, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is governed by an elected seven-member board and provides the following services: education, culture, and recreation.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organizations Are Component Units," in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either the District's ability to impose its will over a component unit, or the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the District only (i.e., there are no component units).

FUND ACCOUNTING

The accounts of the District are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds are classified into three categories: governmental, proprietary, and fiduciary. Within each of these three categories there are one or more fund types. The District uses the following fund types:

Governmental Type Funds

General Funds--General Funds are used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds--Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Fiduciary Type Funds

Agency Funds--Agency Funds generally are used to account for assets that the government holds on behalf of others as their agent.

BASIS OF ACCOUNTING

Statutory Basis of Accounting--The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America--The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles in the United States of America. Capital fixed assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

COMPENSATED ABSENCES

The District has formal sick leave, vacation, bereavement leave and personal leave policies. Certified and classified employees receive ten days of sick leave each year and can accumulate a maximum of seventy-five sick leave days. Sick leave is not paid upon termination of employment. Classified employees receive five bereavement days each year. Any classified staff that is not on a twelve month contract also receives three personal days each year. Any classified employee that is on a twelve month contract can earn vacation leave based on their hours worked. Classified employees with less than one year of service can earn up to twelve days of vacation leave and may accumulate a maximum of forty hours; employees with one to seven years of service can earn up to twelve days of vacation leave and may accumulate a maximum of eighty hours; and after seven years of service, a classified employee may earn up to fifteen days of vacation leave and may accumulate up to 120 hours of accrued pay.

The total cost of accumulated leave accrued after June 30, 2011 is shown on Footnote 14, and will be recorded as a normal expenditure at the time the leave is utilized.

REIMBURSEMENTS

Reimbursements are defined as repayments of amounts remitted on behalf of another party. All reimbursements shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursement was directly tied to the amount of the original cash disbursement.

2. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the General Fund and Special Education Fund were amended during the year ended June 30, 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

Contingency Reserve Fund
Coordinated School Health Fund
Textbook & Student Material Revolving Fund
District Activity Funds
Federal Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. PROPERTY TAXES

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due ½ on December 20th and ½ the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the District and therefore are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

4. COMPLIANCE WITH KANSAS STATUTES

A. Mandatory Purchase of Products:

K.S.A. 75-3322 requires districts to make purchases of products offered by Kansas industries for the blind and severely disabled. The District failed to make mandatory purchases offered by these industries during the year ending June 30, 2011.

B. Cash Basis Law:

K.S.A. 10-1113 requires each fund to comply with the cash basis laws of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund.

The General Fund incurred indebtedness in excess of the available cash balance. The General Fund expenditures exceeded the fund balance due to the final June state aid payment. The June state aid for the General Fund of \$198,921 was received July 7, 2011. K.S.A. 10-1116(a) exempts expenditures by school districts that are in excess of current revenues if the deficit in revenues is caused by the late distribution of general or supplemental general state aid.

5. DEPOSITS AND INVESTMENTS

Deposits

As of June 30, 2011, the District had no investments. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located or in an adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during the designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$3,655,647 and the bank balance was \$3,820,015. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance \$260,274 was covered by federal depository insurance, \$3,559,741 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

6. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At Risk Fund (4 Yr. Old)	K.S.A. 72-6428	\$ 161,546
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	234,334
General Fund	Capital Outlay Fund	K.S.A. 72-6428	238,225
General Fund	Drivers Training Fund	K.S.A. 72-6428	22,897
General Fund	Food Service Fund	K.S.A. 72-6428	11,744
General Fund	Special Education Fund	K.S.A. 72-6428	508,587
General Fund	Vocational Education Fund	K.S.A. 72-6428	115,000
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	7,339
General Fund	Textbook & Student Material	K.S.A. 72-6428	2,954
	Revolving Fund		
Supplemental General Fund	At Risk Fund (4 Yr. Old)	K.S.A. 72-6433	28,186
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-6433	62,936
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	33,450
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	10,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	324,632
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	125,000
Supplemental General Fund	Textbook & Student Material	K.S.A. 72-6433	33,532
	Revolving Fund		

7. DEFINED BENEFIT PENSION PLAN

Plan Description - Unified School District No. 107 contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for active members hired before July 1, 2009. For active members employed on or after July 1, 2009, K.S.A. 74-49,210 establishes the KPERs member-employee contribution rate at 6% of covered salaries. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Service Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll, which includes pension contributions and group disability insurance. April 1, 2011 through June 30, 2011, there was a moratorium on the collection of the 1% Group Death and Disability Insurance premium. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2010 and 2009 were \$248,468,186 and \$242,277,363, respectively, equal to the required contributions for each year as set forth by the legislature. For the year ending June 30, 2011, the required contribution was \$253,834,044. As of June 30, 2011, the State of Kansas had contributed \$188,864,352. The remaining \$64,969,692 was contributed by July 12, 2011. The amounts attributable to the District for the years ending June 30, 2011, 2010 and 2009 were \$141,246, \$170,221, and \$159,595.

8. RISK MANAGEMENT

The Unified School District No. 107 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Unified School District No. 107 purchases commercial insurance.

During the year ended June 30, 2011, the Unified School District No. 107 did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

9. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage.

The American Recovery and Reinvestment Act of 1009 (ARRA), as amended, provides for premium reductions for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly called COBRA. The premium assistance is also available for continuation coverage under certain State laws. "Assistance Eligible Individuals" pay only 35 percent of their COBRA premiums; the remaining 65 percent is reimbursed to the coverage provider through a tax credit. The premium reduction applies to periods of health coverage that began on or after February 17, 2009 and lasts for up to fifteen months.

10. TERMINATION BENEFITS

Unified School District No. 107 provided an early retirement program for certain eligible employees. Eligible employees were those that were employed full time by the District, had completed a minimum of ten continuous years of service, had twenty years or more service credit recognized by KPERS, were eligible to receive KPERS retirement benefits, retired from the District in good standing, and the retirement did not impose a financial hardship to the District. Those eligible under this program may receive benefits for up to five years. Payments to retired employees under this plan were \$7,519 for the year ended June 30, 2011 paid by Unified School District No. 107 for prior encumbrances of Unified School District No. 278.

11. SUBSEQUENT EVENTS

The District will have a substantial decrease in state aid beginning fiscal year 2013 due to the completion of the third year of incentives from the state resulting from the land transfer occurring with the disorganization of USD #279, Jewell.

12. KPERS SPECIAL RETIREMENT CONTRIBUTION

The KPERS Special Retirement Contribution Fund, shown below, reflects all state aid as confirmed by the Kansas State Department of Education for the fiscal year ended June 30, 2011. This presentation excludes the January 2011 and April 2011 state aid payments of \$33,513 and \$37,911 that were received on July 7, 2011 and July 8, 2011, respectively.

REVENUES & EXPENDITURES - FISCAL YEAR AND BUDGET For the Year Ended June 30, 2011

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	Fiscal Year 2011 Transactions	Budget	Variance Over (Under)
REVENUES			
State Contribution for KPERS	\$ 141,246	\$ 188,945	\$ (47,699)
EXPENDITURES			
Instruction			
Employee Benefits	86,160	\$ 115,256	\$ (29,096)
Student Support Services			
Employee Benefits	2,825	3,779	(954)
Instructional Support Staff			
Employee Benefits	4,237	5,668	(1,431)
General Administration			
Employee Benefits	9,887	13,226	(3,339)
School Administration			
Employee Benefits	15,537	20,784	(5,247)
Operations & Maintenance			
Employee Benefits	11,300	15,116	(3,816)
Student Transportation Services			
Employee Benefits	5,650	7,558	(1,908)
Food Service			
Employee Benefits	5,650	7,558	(1,908)
Total Expenditures	141,246	\$ 188,945	\$ (47,699)
Revenues Over (Under) Expenditures	-		
MODIFIED UNENCUMBERED CASH, July 1, 2010	-		
MODIFIED UNENCUMBERED CASH, June 30, 2011	\$ -		

13. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d).

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid and supplemental general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For The Year Ended June 30, 2011

GENERAL FUND

	Statutory Transactions	Budget	Variance Over (Under)
STATUTORY REVENUES			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	\$ 15,933	\$ 5,761	\$ 10,172
Current Tax	465,026	316,057	148,969
Delinquent Tax	-	7,299	(7,299)
Reimbursements	51,118	-	51,118
State Aid Reimbursements	1,710	-	1,710
State Aid	2,705,640	2,936,926	(231,286)
Special Education Aid	338,406	338,406	-
ARRA Stabilization Funds	44,932	44,932	-
Education Jobs Funds	78,675	-	78,675
	<u>3,701,440</u>	<u>\$ 3,649,381</u>	<u>\$ 52,059</u>
EXPENDITURES			
Instruction	1,238,867	\$ 866,988	\$ 371,879
Student Support Services	134,724	164,700	(29,976)
Instructional Support Staff	7,290	62,900	(55,610)
General Administration	226,632	213,300	13,332
School Administration	260,893	325,100	(64,207)
Operations & Maintenance	350,323	479,100	(128,777)
Operations & Maintenance (Transportation)	108,982	128,500	(19,518)
Supervision	13,962	27,000	(13,038)
Vehicle Operating Services	34,601	81,000	(46,399)
Vehicle & Maintenance Services	23,309	39,000	(15,691)
Outgoing Transfers	1,302,626	1,261,793	40,833
	<u>3,702,209</u>	<u>3,649,381</u>	<u>52,828</u>
Legal General Fund Budget	3,702,209	3,649,381	52,828
Adjustment for Qualifying Budget Credits			
Reimbursements	-	51,118	(51,118)
State Aid Reimbursements	-	1,710	(1,710)
	<u>3,702,209</u>	<u>\$ 3,702,209</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	(769)		
MODIFIED UNENCUMBERED CASH, July 1, 2010	<u>769</u>		
MODIFIED UNENCUMBERED CASH, June 30, 2011	<u>\$ -</u>		

13. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d). (Continued)

**STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For The Year Ended June 30, 2011**

SUPPLEMENTAL GENERAL FUND

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
STATUTORY REVENUES			
General Property Taxes			
Ad Valorem Taxes			
Tax In Process	\$ 17,147	\$ 13,378	\$ 3,769
Current Tax	465,832	309,225	156,607
Delinquent Tax	-	7,497	(7,497)
Motor Vehicle Tax	73,530	65,310	8,220
Recreational Vehicle Tax	1,420	1,348	72
Miscellaneous	3,911	-	3,911
State Aid	313,388	325,584	(12,196)
	<u>875,228</u>	<u>\$ 722,342</u>	<u>\$ 152,886</u>
Total Statutory Revenues			
EXPENDITURES			
Instruction			
Salaries			
Certified	64,750	\$ 627,400	\$ (562,650)
Noncertified	20,250	-	20,250
Employee Benefits			
Social Security & Medicare	6,481	40,000	(33,519)
Other	801	600	201
Supplies			
General	23	5,000	(4,977)
Other	3,077	5,000	(1,923)
Student Support Services			
Purchased Professional & Technical Services	-	40,000	(40,000)
Purchased Property Services	-	1,500	(1,500)
Other Purchased Services	-	10,000	(10,000)
Other	-	3,000	(3,000)
Instructional Support Staff			
Purchased Professional & Technical Services	66,575	-	66,575
General Administration			
General Supplies	1,250	-	1,250
Operations & Maintenance (Transportation)			
Supplies	-	-	-
Motor Fuel (Not School Bus)	22,996	-	22,996

13. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d). (Continued)

**STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For The Year Ended June 30, 2011**

SUPPLEMENTAL GENERAL FUND (Cont.)

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
EXPENDITURES (Cont.)			
Outgoing Transfers			
At Risk Fund (4 Yr. Old)	\$ 28,186	\$ -	\$ 28,186
At Risk Fund (K-12)	62,936	-	62,936
Food Service Fund	33,450	-	33,450
Professional Development Fund	10,000	-	10,000
Special Education Fund	324,632	100,000	224,632
Vocational Education Fund	125,000	-	125,000
Textbook & Student Material Revolving Fund	33,532	-	33,532
Adjustment to Comply with Legal Max	-	(28,561)	28,561
Total Expenditures	<u>803,939</u>	<u>\$ 803,939</u>	<u>\$ -</u>
 Statutory Revenues Over (Under) Expenditures	 71,289		
 UNENCUMBERED CASH, July 1, 2010	 <u>135,500</u>		
 UNENCUMBERED CASH, June 30, 2011	 <u>\$ 206,789</u>		

14. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2011 were as follows:

Issue	Interest Rate	Date of Original Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year 7/1/2010	Additions	Principal Reductions/ Payments	Net Change	Balance Ending of Year 6/30/2011	Interest Paid
General Obligation Bonds Series 2003	3.25-3.90%	12/08/03	<u>\$ 400,000</u>	2014	<u>\$ 245,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 7,908</u>
Compensated Absences	N/A	N/A	N/A	N/A	<u>3,493</u>	<u>-</u>	<u>-</u>	<u>(95)</u>	<u>3,398</u>	<u>-</u>
Total Long-Term Debt					<u><u>\$ 248,493</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,000</u></u>	<u><u>\$ (95)</u></u>	<u><u>\$ 203,398</u></u>	<u><u>\$ 7,908</u></u>

Current maturities of long-term debt and interest for the next four years through maturity are as follows:

Year Ended June 30	General Obligation Bonds	
	Principal	Interest
2012	\$ 45,000	\$ 6,501
2013	50,000	4,895
2014	50,000	3,083
2015	<u>55,000</u>	<u>1,072</u>
Total	<u><u>\$ 200,000</u></u>	<u><u>\$ 15,551</u></u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 1

SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

GENERAL FUND			
	Actual	Budget	Variance Over (Under)
INSTRUCTION			
Salaries			
Certified	\$ 929,451	\$ 685,888	\$ 243,563
Noncertified	38,648	70,000	(31,352)
Employee Benefits			
Insurance	89,787	-	89,787
Social Security & Medicare	66,242	35,000	31,242
Other	10,252	4,100	6,152
Other Purchased Services			
Tuition			
Tuition/Other LEA's Outside the State	47,000	34,000	13,000
Other	-	10,000	(10,000)
Supplies			
General	8,787	28,000	(19,213)
Property	712	-	712
Other	47,988	-	47,988
Total Instruction	1,238,867	866,988	371,879
STUDENT SUPPORT SERVICES			
Salaries			
Certified	82,710	96,000	(13,290)
Noncertified	29,247	31,000	(1,753)
Employee Benefits			
Insurance	5,215	-	5,215
Social Security & Medicare	7,097	7,700	(603)
Other	267	-	267
Supplies	10,188	30,000	(19,812)
Total Student Support Services	134,724	164,700	(29,976)
INSTRUCTIONAL SUPPORT STAFF			
Salaries			
Certified	-	45,000	(45,000)
Noncertified	4,822	-	4,822
Employee Benefits			
Social Security & Medicare	252	12,500	(12,248)
Other	10	-	10
Purchased Professional & Technical Services	998	-	998
Supplies			
Books & Periodicals	918	1,800	(882)
Technology	290	3,100	(2,810)
Miscellaneous	-	500	(500)
Total Instructional Support Staff	7,290	62,900	(55,610)

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 1
(Cont.)

SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
GENERAL ADMINISTRATION			
Salaries			
Certified	\$ 83,628	\$ 56,000	\$ 27,628
Noncertified	44,556	45,000	(444)
Employee Benefits			
Insurance	3,621	-	3,621
Social Security & Medicare	9,026	6,800	2,226
Other	290	8,000	(7,710)
Other Purchased Services			
Insurance	49,295	60,000	(10,705)
Communications	5,862	9,000	(3,138)
Other	8,871	11,000	(2,129)
Supplies	4,437	2,500	1,937
Other	17,046	15,000	2,046
	<u>226,632</u>	<u>213,300</u>	<u>13,332</u>
Total General Administration			
	<u>226,632</u>	<u>213,300</u>	<u>13,332</u>
SCHOOL ADMINISTRATION			
Salaries			
Certified	131,859	180,000	(48,141)
Noncertified	79,023	95,000	(15,977)
Employee Benefits			
Insurance	14,485	-	14,485
Social Security & Medicare	14,023	17,500	(3,477)
Other	500	7,500	(7,000)
Other Purchased Services			
Communications	14,045	20,000	(5,955)
Other	-	100	(100)
Supplies	6,256	5,000	1,256
Property	702	-	702
	<u>260,893</u>	<u>325,100</u>	<u>(64,207)</u>
Total School Administration			
	<u>260,893</u>	<u>325,100</u>	<u>(64,207)</u>
OPERATIONS & MAINTENANCE			
Salaries			
Noncertified	137,752	188,000	(50,248)
Employee Benefits			
Insurance	7,695	-	7,695
Social Security & Medicare	8,988	13,100	(4,112)
Other	277	-	277
Purchased Property Services			
Water/Sewer	8,322	13,000	(4,678)
Repairs & Maintenance	72,063	75,000	(2,937)
Supplies			
General	19,142	24,000	(4,858)
Energy			
Heating	31,811	81,000	(49,189)
Electricity	64,273	85,000	(20,727)
	<u>350,323</u>	<u>479,100</u>	<u>(128,777)</u>
Total Operations & Maintenance			
	<u>350,323</u>	<u>479,100</u>	<u>(128,777)</u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 1
(Cont.)

SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
For The Year Ended June 30, 2011

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
OPERATIONS & MAINTENANCE (TRANSPORTATION)			
Salaries			
Noncertified	\$ 87,779	\$ 120,000	\$ (32,221)
Employee Benefits			
Insurance	15,843	-	15,843
Social Security & Medicare	5,178	8,500	(3,322)
Other	182	-	182
Total Operations & Maintenance (Transportation)	108,982	128,500	(19,518)
SUPERVISION			
Salaries			
Noncertified	12,635	27,000	(14,365)
Employee Benefits			
Insurance	453	-	453
Social Security & Medicare	850	-	850
Other	24	-	24
Total Supervision	13,962	27,000	(13,038)
VEHICLE OPERATING SERVICES			
Motor Fuel	34,601	81,000	(46,399)
VEHICLE & MAINTENANCE SERVICES			
Purchased Professional & Tech Services	908	-	908
Other Purchased Services	1,086	4,000	(2,914)
Supplies	-	30,000	(30,000)
Property	20,652	-	20,652
Other	663	5,000	(4,337)
Total Vehicle & Maintenance Services	23,309	39,000	(15,691)
OUTGOING TRANSFERS			
At Risk Fund (4 Yr Old)	161,546	45,000	116,546
At Risk Fund (K-12)	234,334	180,000	54,334
Capital Outlay Fund	238,225	350,000	(111,775)
Drivers Training Fund	22,897	-	22,897
Food Service Fund	11,744	60,000	(48,256)
Professional Development Fund	-	5,000	(5,000)
Special Education Fund	508,587	510,793	(2,206)
Vocational Education Fund	115,000	111,000	4,000
Contingency Reserve Fund	7,339	-	7,339
Textbook & Student Material Revolving Fund	2,954	-	2,954
Total Outgoing Transfers	1,302,626	1,261,793	40,833
Legal General Fund Budget	3,702,209	3,649,381	52,828
Adjustment for Qualifying Budget Credits			
Reimbursements	-	51,118	(51,118)
State Aid Reimbursements	-	1,710	(1,710)
Total Expenditures	\$ 3,702,209	\$ 3,702,209	\$ -